

Appendix B

Guidelines for Customer-Sited Generation and Combined-Heat-and-Power Projects

An Energy Efficiency Utility ("EEU") shall use the following guidelines to respond to lost-opportunity, customer-initiated or vendor-initiated projects where customer-sited generation including combined heat and power ("CHP") is being considered.

1. For any customer-sited generation projects that are primarily a substitution for grid-supplied power, an EEU will limit its involvement to the provision of limited general information and referral to other sources of information and assistance.
2. An EEU may assist projects that involve customer-sited generation in the form of CHP if the projects meet the following technical and economic performance criteria. As is the case with all EEU-supported projects, the assistance will be limited to the minimum required to complete cost-effective projects.

Technical Criteria

- a. Only those CHP projects that achieve a high level of overall efficiency (including both heat and power generation efficiency, and including utilization of thermal output) will be supported. Systems must meet the following criteria:
 - i. The design system efficiency must be at least 65 percent, with a minimum 13 percent of the system output as electricity and a minimum 20 percent as useful thermal energy.¹
 - ii. Meet the U.S. Environmental Protection Agency Energy Star CHP requirement that the system "reduce emissions and use at least 5 percent less fuel than comparable, state-of-the-art, separate heat and power generation."²
 - iii. Meet air quality standards established by the Agency of Natural Resources.
- b. The electrical output of such systems on a net annual basis shall not exceed the planned annual electric energy use of the customer where the project is sited.
- c. All projects with nominal post-conversion (or connected-generation) generation capacity over 500 kW require Vermont Department of Public Service ("DPS") approval before EEU resources are applied.

1. These criteria are based on the SPEED program in Section 8002 of Title 30,
<http://www.leg.state.vt.us/statutes/fullsection.cfm?Title=30&Chapter=089&Section=08002>

2. <http://epa.gov/chp/public-recognition/awards.html>